

VZCZCXYZ0007
RR RUEHWEB

DE RUEHHK #4627/01 3380910
ZNR UUUUU ZZH
R 040910Z DEC 06
FM AMCONSUL HONG KONG
TO RUCPDOC/USDOC WASHDC
INFO RUEHC/SECSTATE WASHDC 9645
RHMFIUU/HQ BICE WASHINGTON DC

UNCLAS HONG KONG 004627

SIPDIS

USDOC FOR 532/OEA/LHINES/DFARROW
USDOC FOR 3132 FOR FCS/OIO REGIONAL DIRECTOR WILLIAM
ZARIT
BICE FOR OFFICE OF STRATEGIC INVESTIGATIONS

SIPDIS

E.O. 12958: N/A

TAGS: [BMGT](#) [BEXP](#) [HK](#) [ETRD](#) [ETTC](#)

SUBJECT: EXTRANCHECK: PRE-LICENSE CHECK: QUADRANT EPP
ASIA PACIFIC LTD

REF: A) 05604

¶1. Unauthorized disclosure of the information provided below is prohibited by Section 12C of the Export Administration Act.

¶2. As per reftel A request and at the direction of the Office of Enforcement Analysis of the USDOC Bureau of Industry and Security (BIS), Export Control Officer Philip Ankel (ECO) conducted a pre-license check (PLC) at Quadrant EPP Asia Pacific Ltd., 108 Tai To Tsuen, Yuen Long, Hong Kong (Quadrant Hong Kong). The purpose of the visit was to determine the suitability of Quadrant Hong Kong to be a recipient of various advanced engineering plastics including: polyetheretherketron (PEE); polyamide-imide, titanium dioxide and polytetrafluoroethylene (PAI); polyamide-imide, graphite and polytetrafluoroethylene (PI); polyamide-imide, fibrous glass, polytetrafluoroethylene; preimidized torlon 4000TF, 739 DC glass fiber, PTFE-F5, Orcon CF linion R32595 carbon fiber; UIR-P resin and graphite 4735 that are the subject of license application D364932. The items (ECCN 0A018) are valued at approximately USD 1.9 million and are all controlled for regional stability (RS) reasons. The license applicant is Quadrant EPP, USA of Reading, Pennsylvania.

¶3. On November 8, 2006, the ECO visited Quadrant Hong Kong at the address above and met with Mr. Raymond Ho, General Manager. Quadrant Hong Kong is the Hong Kong subsidiary of Quadrant Engineering Plastic Products, a worldwide niche provider of various high-end plastic products. More information on the Quadrant group of companies can be found at www.quadrantplastics.com.

¶4. Mr. Ho provided an overview presentation of the Quadrant group of companies and then discussed Quadrant Hong Kong's role in the overall group structure. He stated that the Quadrant group produces a range of plastics including general engineering plastics as well as advanced engineering plastics (the subject of this check) that are highly corrosion resistant and can withstand very high temperatures. Advanced engineering plastics are often used in the place of metals as they have greater heat and corrosion resistant properties and are not as abrasive.

¶5. According to Mr. Ho, Quadrant sells advanced engineering plastics to semiconductor producers that require replacement parts for semiconductor

manufacturing machines. These customers are located in the major semiconductor manufacturing centers in the region such as Singapore, Korea, Taiwan and Hong Kong.

He indicated that few customers are presently located in mainland China. Mr. Ho stressed that his company sells finished and semi finished plastics that cannot be reformed or changed from their existing state into items used for other applications (unlike the underlying resin used to make the plastics).

¶6. According to Mr. Ho, Quadrant Hong Kong acts as a stocking facility providing both inventory management and logistics services for the Quadrant group. The facility observed by the ECO is a relatively small warehouse space without local production or apparent finishing capacity.

¶7. When asked about prior shipments of the items that are subject of the PLC, Mr. Ho stated that at least some of them had already been received by Quadrant Hong Kong. Mr. Ho was not aware whether licenses had been obtained for such shipments. The ECO recommends that further inquiry be made by BIS concerning past shipments to determine whether licenses were obtained, as appropriate. Mr. Ho stressed that Quadrant intends to comply with U.S. export controls. He expressed some concern that the delays inherent in the licensing process not undermine Quadrant's ability to serve this niche market where quick delivery of custom products is key.

¶8. At the time visited, Quadrant Hong Kong appeared to be a suitable recipient of the subject controlled items since it cooperated fully with the PLC and provided substantial information on Quadrant Hong Kong's proposed use of the item in Hong Kong and the region.

In addition, Quadrant Hong Kong operates a line a business that is consistent with the potential use of the ordered item. The ECO recommends that any licensing decision regarding Quadrant Hong Kong take into consideration the fact that Quadrant Hong Kong is an intermediary and not the end-user of the items it receives. The ECO recommends that this PLC be classified as Favorable.

Cunningham